

RELIANCE

Wealth Sets You Free

**MUTUAL
FUND**



NISSAY

Sponsors: Reliance Capital
Nippon Life Insurance Company

News U Can Use

September 20, 2019

The Week that was...

16th September to 20th September

Indian Economy

- Government data showed that wholesale price index based inflation (WPI) remained unchanged on a month-on-month basis at 1.08% in Aug 2019 compared with 4.62% in the same month of the previous year. The build up inflation rate in FY20 till date stood at 1.25%, much lower than 3.27% in the corresponding period of the previous year. WPI inflation for manufactured products fell to 0.00% which indicated lack of pricing power for producers. Fuel and power inflation also remained in the negative territory for the third consecutive month even though they are concerns that such a trend might be short lived due to disruption in crude oil supply from Saudi Arabia. However, WPI for food articles increased to 7.67% in Aug 2019 from 6.15% in Jul 2019.
- The finance minister reduced the basic corporate tax rate to 22% from 30% for domestic companies that do not avail exemption/incentive. The effective tax rate for such companies would be 25.17% inclusive of surcharge and cess. In order to provide boost to the manufacturing sector and its 'Make-in-India' initiative, the government lowered the corporate tax rate to 15% from 25% for those domestic companies that came into existence on or after Oct 2019. The effective tax rate for such companies would be 17.01% inclusive of surcharge and cess. Such companies shall not be required to pay Minimum Alternate Tax. Also, to provide relief to companies that continue to avail exemptions/incentives, the government lowered the Minimum Alternate Tax or MAT to 15%, from 18.5%.

Indian Equity Market

Domestic Equity Market Indices			
Indices	20-Sep-19	1 Week Return	YTD Return
S&P BSE Sensex	38,014.62	1.68%	5.40%
Nifty 50	11,274.20	1.79%	3.79%
S&P BSE Mid-Cap	14,120.07	3.33%	-8.54%
S&P BSE Small-Cap	13,204.25	1.47%	-10.22%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	26.78	27.72	36.68	35.85
P/B	2.88	3.42	2.40	1.89
Dividend Yield	1.21	1.36	1.00	1.05

Source: BSE, NSE

Value as on Sep 20, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
16-Sep-19	985	860	1.15
17-Sep-19	516	1,328	0.39
18-Sep-19	921	889	1.04
19-Sep-19	408	1,405	0.29
20-Sep-19	1,389	488	2.85

Source: NSE

- Indian equity markets were mostly volatile in the week ended Sep 20, 2019, but at the end managed to gain handsomely. The finance minister on the last day of the week unveiled a Rs. 1.25 lakh crore stimulus package to boost the economy.
- The downside continued as investors remained anxious over the impact of rise in crude oil prices on the domestic economy. Also, global growth slowdown worries kept investors on tenterhooks as the U.S. Federal Reserve remained non-committal on any further rate cuts in the year, while cutting rates in its latest policy meet, and Bank of Japan maintained status quo.
- All the losses were made good on the last day of the week as the government came all out to support the economy and instill confidence among investors.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	17080.5	3.26%	7.83%
S&P BSE Bankex	32625.3	2.98%	3.07%
S&P BSE CD	25594	8.51%	11.13%
S&P BSE CG	18070.6	3.72%	6.17%
S&P BSE FMCG	11290.3	3.73%	3.76%
S&P BSE HC	13016.6	-0.05%	3.89%
S&P BSE IT	15579.3	-2.44%	-1.07%
S&P BSE Metal	9317.52	2.46%	6.47%
S&P BSE Oil & Gas	13892.8	1.86%	7.00%
S&P BSE Realty	2040.74	-0.89%	0.57%

Source: Thomson Reuters Eikon *Value as on Sep 20, 2019

- S&P BSE Consumer Durables was the major gainer that grew 8.51% followed by S&P BSE FMCG and S&P Capital Goods, which grew 3.73% and 3.72%, respectively. The consumer durables and FMCG sectors stand to gain the most from the government's stimulus as companies will not have to take any drastic measures to deal with the general slowdown in the economy.
- S&P BSE Auto and S&P BSE Bankex grew 3.26% and 2.98%, respectively. S&P BSE IT was the major loser and fell 2.44% followed by S&P BSE Teck that fell 2.07%. The tech sector lost because of the strength in rupee.

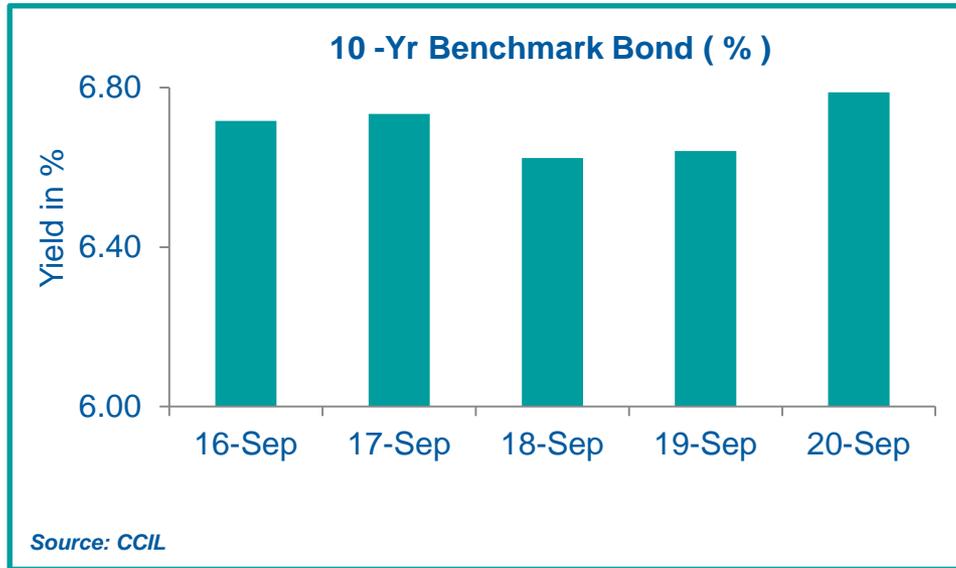
Indian Derivatives Market Review

- Nifty Sep 2019 Futures stood at 11,295.50, a premium of 21.30 points above the spot closing of 11,274.20. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 83.90 lakh crore as against Rs. 54.40 lakh crore for the week to Sep 13.
- The Put-Call ratio stood at 0.81 compared with the previous week's close of 0.94.
- The Nifty Put-Call ratio stood at 1.39 against the previous week's close of 1.34.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.37	5.29	5.28	6.20
91 Day T-Bill	5.32	5.33	5.45	6.31
07.32% 2024, (5 Yr GOI)	6.46	6.28	6.30	7.00
07.26% 2029, (10 Yr GOI)	6.79	6.64	6.59	7.36

Source: Thomson Reuters Eikon *Value as on Sep 20, 2019*



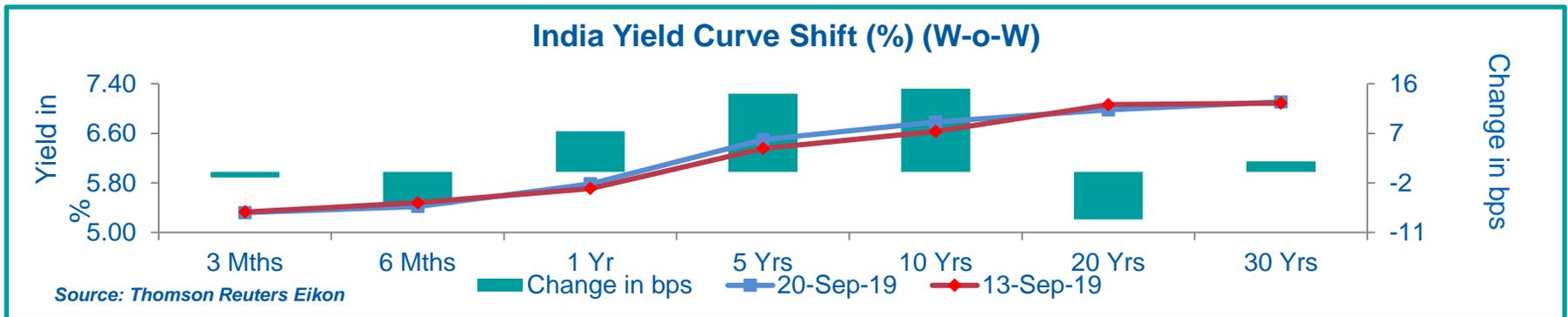
- Bond yields surged tracking sharp rise in crude oil prices amid heightened geopolitical worries following multiple drone attacks on Saudi Arabian crude oil facilities. This is expected to have a bearing on domestic inflation, which further weighed on sentiment.
- Yield on the 10-year benchmark paper (7.26% GS 2029) rose 15 bps to 6.79% compared with the previous close of 6.64% after trading in a range of 6.55% to 6.87%.
- RBI conducted auction of state development loans of eight state governments for notified amount of Rs. 7,500 crore. The entire amount was accepted. The cut-off yield lied in the range of 6.82% to 7.30%, while the tenure was in between 5 years to 18 years.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	5.87	6.96	109
3 Year	6.22	7.45	124
5 Year	6.60	7.64	104
10 Year	6.90	8.21	131

Source: Thomson Reuters Eikon Value as on Sep 20, 2019

- Yields on gilt securities increased across the maturities in the range of 2 bps to 21 bps barring 2 and 19-year paper which fell 5 and 9 bps, respectively.
- Corporate bond yields increased across the maturities in the range of 6 bps to 27 bps barring 1 to 3-year and 15-year maturities which fell in the range of 6 bps to 39 bps.
- Difference in spread between AAA corporate bond and gilt contracted on 1 to 4-year and 10 and 15-year maturities in the range of 4 bps to 47 bps while it expanded across the remaining maturities in the range of 2 bps to 22 bps.



Regulatory Updates in India

- The government in order to provide a boost to the hospitality and tourism sector, proposed reduced Goods and Services Tax (GST) rates on hotel tariffs. Rooms with tariff exceeding Rs. 7,500 will now be taxed at 18% much lower than the earlier rate of 28%. GST on rooms with tariff between Rs 1001 and Rs 7,500 will be taxed at 12%. No GST would be levied on tariffs of up to Rs 1,000.
- The GST Council provided a major boost to the gems and jewellery sector as it recommended to lower GST on cut and polished semi-precious items to 0.25% from the present 3%. Tax rates on job work in diamond industry has been lowered to 1.5% from 5%. The GST Council proposed to lower the tax rate on supply of machine job work such as in engineering industry to 12% from 18%. Tax rates for outdoor catering was reduced to 5% from 18%.
- The government gave exemption from GST/IGST on import of specified defence goods not being manufactured indigenously till 2024. The same is applicable for supply of goods and services & other specified persons for U17 Women's World Cup in India.
- The government hiked GST rates on caffeinated beverages to 28% (and an additional cess of 12%) as against the current rate of 18%. GST rate on railway wagon, coaches has been increased from 5% to 12%.

Regulatory Updates in India (contd..)

- The government expanded the scope of corporate spend under the norms of Corporate Social Responsibility (CSR). Presently companies could provide CSR funds to technology incubators located within Centre-approved academic institutions. Now the scope has been widened and the companies can now spend their CSR fund across various fields such as science, technology, medicine or on incubators that are funded by either central government or state government or any public sector entity. Such a move is expected to attract funds towards research and development within the country.
- The Union Cabinet approved the ban on manufacture and sale of e-cigarettes in India. The move comes amid concerns of an alarming rise in smoking among young population. On a separate note, the Union Cabinet approved 78 days' of wages as bonus for Railway employees. The bonus is given as an acknowledgement of employees' contribution in improving the efficiency of railway operations.
- According to media reports, the government has done away with the 3-year lock-in period on investments made by non-residents in infrastructure debt funds. The objective of the move is to promote funding in the infrastructure sector. Infrastructure debt funds are investment vehicles which are used to accelerate the flow of long-term debt into the infrastructure sector.

Global News/Economy

- The U.S. Federal Reserve cut rates by another 25 basis points, lowering the target range for the federal funds rate to 1-3/4 to 2%. This is the second reduction in 2019. The cut was once again attributed to the implications of global developments for the economic outlook as well as muted inflation pressures. The accompanying statement was mostly unchanged from Jul 2019. The Fed reiterating that the labor market remains strong and that economic activity has been rising at a moderate rate.
- The Bank of England left its monetary policy unchanged amid the heightened Brexit uncertainty. It warned that the global slowdown and a no-deal Brexit would hurt the economy severely. The Monetary Policy Committee unanimously decided to hold the bank rate at 0.75%, the stock of corporate bond purchases at GBP 10 billion and government bond purchases at GBP 435 billion.
- The Bank of Japan (BoJ) maintained status quo in policy, as was widely expected, after the U.S. Federal Reserve resorted to further easing. The Policy Board of the BoJ voted 7-2 to maintain interest rate at -0.1% on current accounts that financial institutions maintain at the bank. The bank said it will purchase government bonds so that the yield of 10-year JGBs will remain at around zero percent.

Global Equity Markets

Global Indices			
Indices	20-Sep-19	1-Week Return	YTD Return
Russell 3000	1,304.92	-0.32%	22.79%
Nasdaq 100	7,823.55	-0.88%	23.60%
FTSE 100	7,344.92	-0.31%	9.17%
DAX Index	12,468.01	0.00%	18.08%
Nikkei Average	22,079.09	0.41%	10.31%
Straits Times	3,159.68	-1.61%	2.96%

Source: Thomson Reuters Eikon *Value as on Sep 20, 2019*

Europe

- The geopolitical tension in the Middle East took a toll on European stocks as well. However, markets made up much of its losses, led by the policy decision of major global banks. While, U.S. Fed slashed interest rates for the second time this year, the Bank of Japan reiterated its willingness to pursue additional easing measures to support the economy.

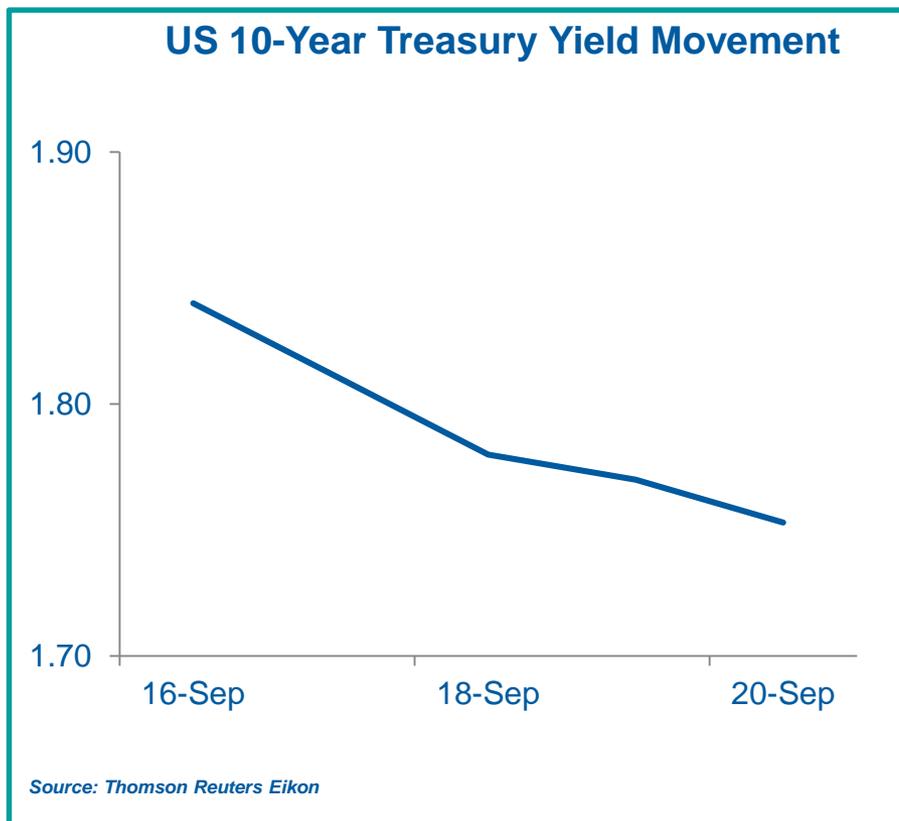
Asia

- Asian markets largely remained weak with exception of the Nikkei. Mixed reactions were generated post U.S. Fed's policy decision. Investors remained concerned regarding uncertainty over the outlook for interest rates, although the central bank cut its key rates by 25 bps.

U.S.

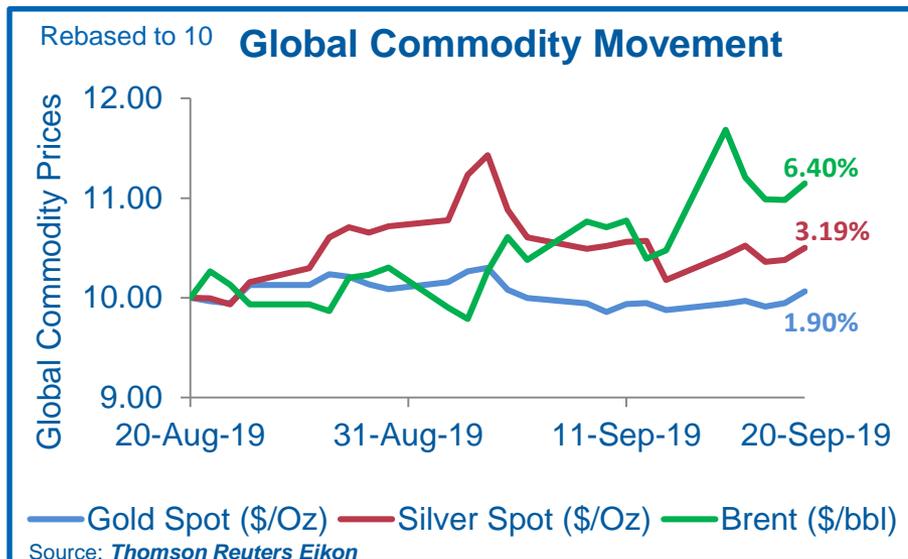
- U.S. markets witnessed initial jitters following spike in global crude oil prices in the aftermath of the drone attack on the oil processing facility in Saudi Arabia. Meanwhile, markets recouped much of its losses amid latest batch of largely upbeat U.S. economic data, including a report from the National Association of Realtors showing an unexpected rise in existing home sales in Aug 2019.

Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond fell 15 bps to 1.75% compared with the previous week's close of 1.90%.
- U.S Treasury prices grew following attacks on crude facilities in Saudi Arabia that reportedly led to shutting down of approximately 5% of the world's oil supply, resulting in surge in oil prices. Gains were extended on China's weak industrial production data in Aug 2019.
- Though the U.S. Fed cut interest rates for the second time in 2019, however, uncertainty as to what stance the central bank will adopt in the next monetary policy meet, boosted the safe haven appeal of U.S. Treasuries.
- Additionally, concerns about rising tensions between the U.S. and Iran also boosted U.S Treasury prices.

Commodities Market



Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	66.12	62.14
Gold (\$/Oz)	1,516.75	1,488.45
Gold (Rs/10 gm)	37,390	37,592
Silver (\$/Oz)	17.98	17.43
Silver (Rs/Kg)	45,686	46,250

Source: Thomson Reuters Eikon

*Value as on Sep 20, 2019

Gold

- Gold prices surged as its safe haven appeal improved after an attack on oil facilities in Saudi Arabia raised concerns over global energy supply.

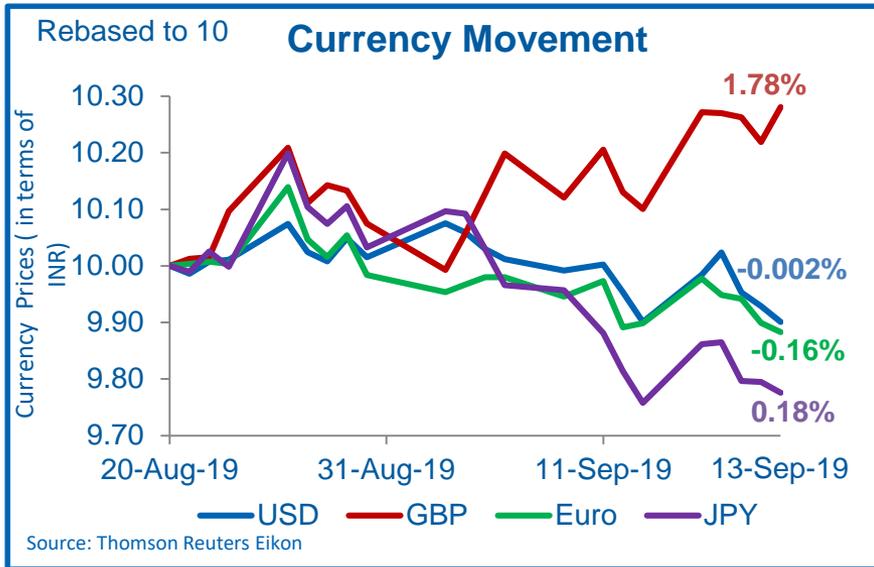
Brent Crude

- Brent crude prices surged following attacks on Saudi Arabian refining facilities which knocked out more than 5% of global oil output. Gains were extended on reports that the U.S. is seeking to build a coalition of European and Arab partners to deter Iran after an attack on Saudi Arabia. However, further gains were capped after the U.S. President authorized the release of oil from the U.S. Strategic Petroleum Reserve to keep the markets “well-supplied”.

Baltic Dry Index

- The Baltic Dry Index fell due to lower capesize and panamax activities.

Currencies Markets



Rupee

- The rupee weakened against the greenback following increase in global crude oil prices due to an attack on a major oil facility in Saudi Arabia.

Euro

- The euro fell against the greenback as to what stance the U.S. Federal Reserve might adopt in its upcoming monetary policy reviews even though it lowered key policy repo rate by 25 bps as expected.

Pound

- The pound rose against the greenback after the European Commission President expressed hopes of a Brexit deal. However, further gains were capped after U.K. inflation in Aug 2019 dropped to its weakest level since Dec 2016.

Yen

- The yen rose against the greenback after BoJ issued a stronger warning over the risks threatening the Japanese economy after it kept interest rates on hold in its monetary policy review.

Movement of Rupee vs Other Currencies

Currency	Last Closing*	1-Wk Ago
US Dollar	70.94	70.94
Pound Sterling	89.21	87.65
EURO	78.44	78.56
100 Yen	65.76	65.64

Source: RBI

Figures in INR , *Value as on Sep 20, 2019

The Week that was...

16th September to 20th September

The Week that was (September 16 – September 20)

Date	Events	Present Value	Previous Value
Monday, September 16, 2019	• India Wholesale Price Index (Aug)	1.08%	1.08%
	• China Retail Sales (YoY) (Aug)	7.5%	7.6%
	• China Industrial Production (YoY) (Aug)	4.4%	4.8%
Tuesday, September 17, 2019	• Germany ZEW Survey Expectations (Economic Sentiment) (Sep)	-22.5	-44.1
	• Eurozone ZEW Survey (Economic Sentiment) (Sep)	-22.4	-43.6
	• U.S. Industrial Production (MoM) (Aug)	0.6%	-0.1%
	• Japan Trade Balance (Aug)	¥-130.800B	¥-126.751B
Wednesday, September 18, 2019	• U.S. FOMC Rate Decision (Sep 18)	2.0%	2.3%
	• U.K. Consumer Price Index (YoY) (Aug)	1.7%	2.1%
	• Eurozone Consumer Price Index (YoY) (Aug F)	1.0%	1.0%
	• U.S. Housing Starts (MoM) (Aug)	1.364M	1.215M
Thursday, September 19, 2019	• Bank of Japan Rate Decision	-0.1%	-0.1%
	• Bank of England Bank Rate	0.8%	0.8%
	• Japan National Consumer Price Index (YoY) (Aug)	0.3%	0.5%
	• Japan All Industry Activity Index (MoM) (Jul)	0.2%	-0.7%
	• U.S. Initial Jobless Claims (Sep 14)	208K	206K
Friday, September 20, 2019	• Eurozone Consumer Confidence (Sep A)	-6.5	-7.1

The Week Ahead

23rd September to 27th September

The Week Ahead

Day	Event
Monday, September 23, 2019	<ul style="list-style-type: none"> • Eurozone Markit PMI Composite (Sep) (P) • U.S. Markit PMI Composite (Sep) (P) • Germany Markit PMI Composite (Sep) (P)
Tuesday, September 24, 2019	<ul style="list-style-type: none"> • Japan Leading Economic Index (Jul) • Eurozone IFO - Current Assessment (Sep) • U.K. Public Sector Net Borrowing (Aug) • U.S. S&P/Case-Shiller Home Price Indices (YoY) (Jul)
Wednesday, September 25, 2019	<ul style="list-style-type: none"> • U.S. MBA Mortgage Applications (Sep 20) • U.S. New Home Sales (MoM) (Aug)
Thursday, September 26, 2019	<ul style="list-style-type: none"> • U.S. Gross Domestic Product Annualized (Q2) • Japan Foreign Bond Investment (Sep 20)
Friday, September 27, 2019	<ul style="list-style-type: none"> • Eurozone Business Climate (Sep) • U.S. Personal Income (MoM) (Aug) • U.S. Personal Spending (Aug) • U.S. Durable Goods Orders (Aug)

Disclaimer

The information herein is meant only for general reading purposes and contains all factual and statistical information pertaining to Industry and markets which have been obtained from independent third party sources and which are deemed to be reliable. The information provided cannot be considered as guidelines, recommendations or as a professional guide for the readers. It may be noted that since Reliance Nippon Life Asset Management Company Limited (RNAM) has not independently verified the accuracy or authenticity of such information or data, or for that matter the reasonableness of the assumptions upon which such data and information has been processed or arrive data; RNAM does not in any manner assures the accuracy or authenticity of such data and information. Some of the statements & assertions contained in these materials may reflect RNAM's views or opinions, which in turn may have been formed on the basis of such data or information. The Sponsor(s), the Investment Manager, the Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such data or information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable, to the extent possible. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Before making any investments, the readers are advised to seek independent professional advice, verify the contents in order to arrive at an informed investment decision. None of the Sponsor(s), the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable in any way for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including on account of lost profits arising from the information contained in this material.

All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

RELIANCE

Wealth Sets You Free

**MUTUAL
FUND**



NISSAY

Sponsors: Reliance Capital
Nippon Life Insurance Company

Thank you for
your time.